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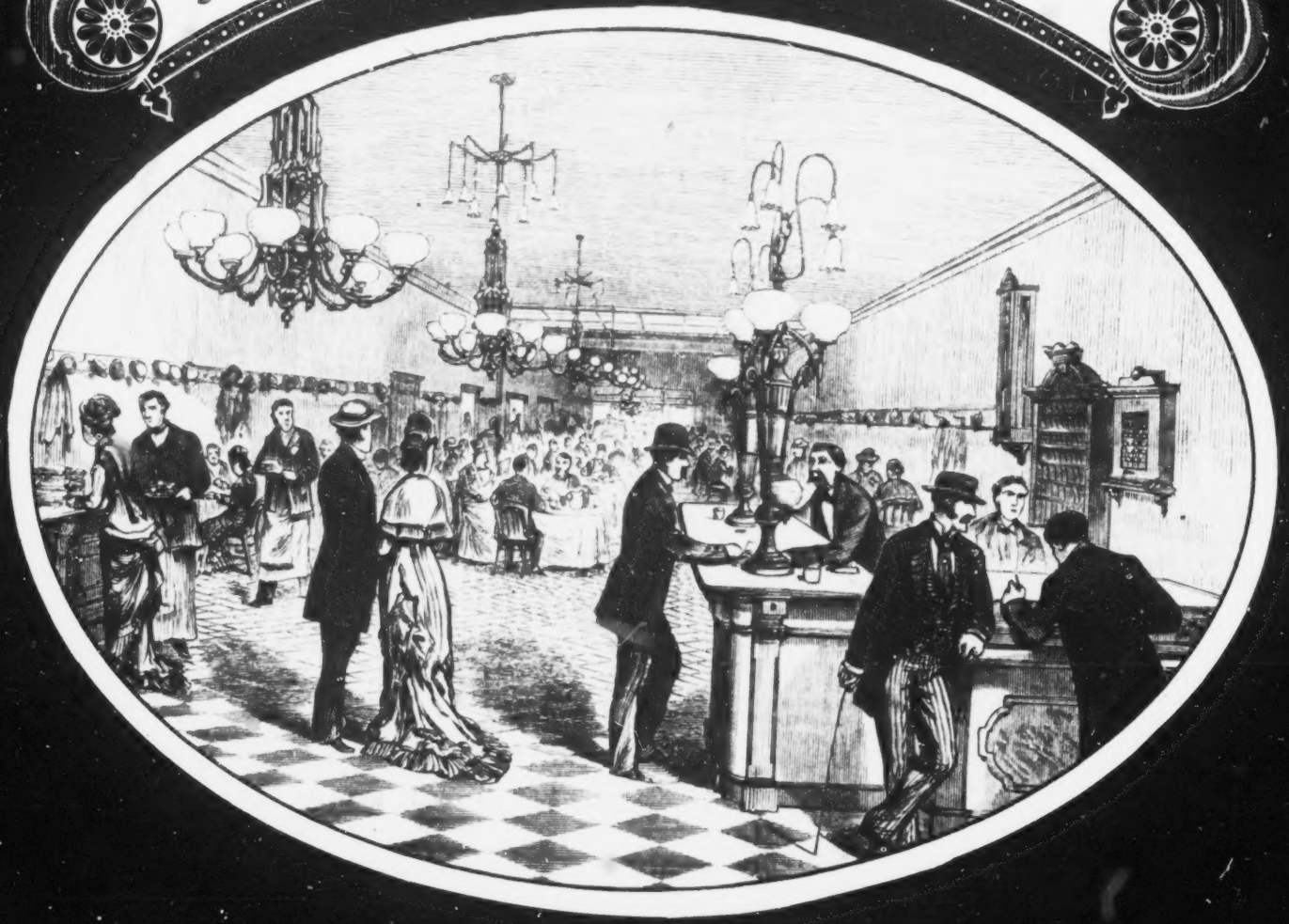
Profile of the Profitable Guest



A Study of the Guests of Four Leading Hotel Chains.

TIME Marketing Services RR 2141

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Highlights

Methodology

Introduction

From "Harper's New Monthly Magazine," 1894. (Reproduced courtesy of The New-York Historical Society.)

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Cover: Everett's Hotel, New York, 1878.
(Reproduced courtesy of The New-York Historical Society.)

Highlights

1. The respondents as a group were frequent hotel users—their mean number of hotel stays for both business and pleasure totaled 28.6 for a 12-month period. Sales and middle management respondents were the more frequent guests at a mean of 37.8, followed by top management (24.8) and the professional/technical group at 21.1.

2. The mean number of stays for solely business reasons (23.1) far outweighed those for solely personal or pleasure (3.7) and for combined business and pleasure (2.09).

3. Reflecting the business-oriented reasons for hotel usage, the mean number of visits by days spent was far higher (16.8) for the 1–5 day period than for stays of six or more days (2.4).

4. The average bill for all respondents for the hotel was $158. Of that total, $89 went for room, $45 was spent on meals and $24 for bar/entertainment. As would be expected, top management respondents were the larger spenders in each of the categories, averaging $117 for rooms, for example.

5. For the most part, the respondents traveled by themselves (70%) rather than as a group or as part of a conference or meeting. Sales and middle management people tended to travel even more by themselves.

6. A majority of the hotel users (73%) reported paying a full rate for one or more of their stays. While 46% said they used a company discount at some of the hotels; 8% reported paying a rate as part of an air/ground travel package, and 17% said the hotel room was part of a special rate or package. Top management, however, was more apt to pay full rate than other business travelers.

7. Among the considerations checked as being "very important" in selection of a hotel when traveling on business, quality of beds was assigned the highest priority by 83.7% of the respondents, followed by friendly and professional hotel staff (76.7%), bathroom (72.1%), reservation service (70.3%), safety and security (68.7%) and restaurants (66%).

8. Among the "not very important" considerations checked, the least important was laundry and valet services (58.3%), followed by availability of meeting rooms (55.8%), recreation facilities (52.4%), baggage handling (47%) and room service (42.4%).

9. Of the last three hotels used in the past 12 months, most mentions went to Holiday Inn (41.9%), followed by Hilton (21.2%) and Sheraton (17.2%). Top management guests tended to favor Hilton, Western International and Hyatt.

10. Respondents generally gave high marks to all leading chains for satisfying their requirements for various services and availabilities. However, restaurants often seemed to fall below expectations.

11. The three most important factors in choosing a hotel never used before were prior experience with other hotels in the chain (24.9%), location (23.5%) and recommendations of business associates (23.5%). More than three-fourths of the respondents said that they choose their own hotel and about two-thirds make their reservations from one to seven days in advance.

12. Magazines were overwhelmingly checked as the medium providing the most useful information for hotel selection. TIME was the leading magazine read regularly by all the respondents.

Methodology

Universe: Names from guest registration cards of the four participating hotel chains. (Best Western, La Quinta, Marriott and Western International).

Sample Design: Random samples of legible names and addresses totaling 5200.

Data Collection: A six-page questionnaire, a covering letter and a stamped reply envelope were mailed by Beta Research Corp. of New York. A 25-cent incentive was attached to enhance respondents' cooperation.

All returns were mailed to Beta Research Corp. and were opened and tabulated by Beta. At no point was TIME identified as the sponsor of the survey.

Field Dates: Mailings were made from April 18 to April 25, 1978. June 30 was designated as the field cut-off date.

Completion Data: An overall return of 1813 satisfactorily completed questionnaires is the basis for survey analysis.

Introduction

In early 1978, prior to construction of the questionnaire used in this survey, TIME commissioned the research firm of Davidson-Peterson Associates to conduct a hotel attitudinal research study consisting of a series of focus group discussion sessions. A total of 90 frequent-traveling business executives participated and from their discussions TIME was able to document the numerous attitudes and considerations that influence the selection of a hotel.

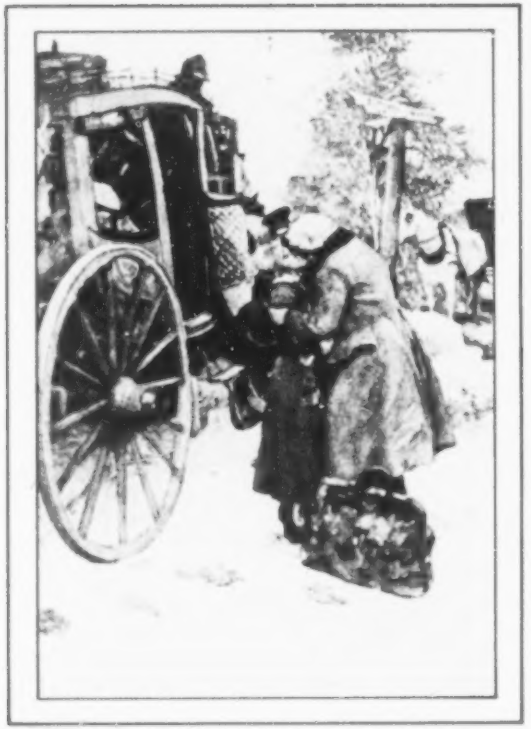
The material gathered from these focus group studies was helpful in design of the questionnaire to determine the habits and attitudes of hotel stayers and, particularly, the elements that are vital in the hotel selection process.

The four participating chains were Best Western, La Quinta, Marriott and Western International. With the exception of Marriott, none of them had ever been involved in a previous TIME survey. The data appearing in this report are a composite of the returns from the respondents of all four chains. However, in appreciation of their cooperation, TIME furnished each chain with an additional report documenting the responses of their own guests.

As we found in previous hotel surveys, the frequent business traveler continues to be the most profitable hotel guest. A comparison of some of the demographics from the latest survey with those of a 1976 study among guests of six participating chains (Howard Johnson, Hyatt, Loews, Marriott, Sheraton and Stouffer) reveals a few changes and a few constants. Median income was up from $31,673 to $34,800. Education levels this time were also slightly higher with postgraduates accounting for 38% of the total compared with 34%. Top management representation among respondents rose from 31% to 34%. On the other hand, the percent of males and females remained constant at 87% to 13% and the number of respondents aged 35 years and over stayed the same at 73%.

Travel Habits

Total Hotel Stays
Average Expenditure
Rates Used
Group Size
Hotels Visited



From "Scribner's Magazine," 1908. (Reproduced courtesy of The New-York Historical Society.)

Total Hotel Stays

Business travel was main reason for hotel used on last visit. Sales and middle management account for most stays.

No. Stays in Past Year	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
1–9	33.4%	28.5%	26.1%	47.3%
10–19	20.1	26.6	16.0	20.5
20–29	13.8	15.8	13.7	9.9
30+	32.7	29.1	43.7	22.3
Mean for all stays	28.6	24.8	37.8	21.1
Mean for business only	23.3	19.0	32.9	16.2

Base: 1777

Mean Number of Stays by Time Period

Most of the hotel visits, by far, were for relatively short periods of time, usually one to five days.

	Total	Top Mgmt.	Sales/ Middle Mgmt	Prof./ Technical
1–5 days	17.3	16.8	20.7	13.6
6+ days	2.0	2.4	1.8	2.2

Base: 1777

Average Hotel Expenditure

Rooms accounted for over half of total amount spent on last hotel stay. Top management executives spend well above average for rooms, meals and entertainment.

	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
Rooms	$ 89	$117	$ 72	$ 88
Meals	45	63	33	44
Entertainment	24	34	19	19
Total	$158	$214	$124	$151

Base: 1777

Type of Hotel Rates Used

Almost three-quarters of all the guests reported paying the full rate during a 12-month period. However, company discounts were used on many occasions.

	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
Full rate	72.8%	80.9%	67.3%	70.1%
Company discount	46.0	38.1	59.5	45.2
Discount/Ground travel package	8.0	10.6	5.6	8.2
Other special rate/ Package	16.7	17.3	14.6	19.4

Base: 1777

Note: Percentages add to more than 100 because of multiple answers.

Group Size

Almost three-fourths of the guests traveled by themselves on their last visit rather than as a group or part of a conference.

	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
Travel by yourself	69.9%	69.6%	76.3%	63.9%
Group	15.4	15.5	10.7	18.0
Conference/Meeting	15.9	16.5	14.8	18.4

Base: 1777

Most Recent Hotels Visited

Although names of guests were obtained from only four hotel chains, the respondents reported staying at a number of other chains on their last three visits, indicating a broad awareness of well-advertised names.

Rank	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
1. Holiday Inn	41.9%	32.3%	48.6%	47.6%
2. Hilton	21.2	23.8	22.7	20.4
3. Sheraton	17.2	16.2	20.8	14.3
4. Ramada	15.1	11.1	18.3	15.6
5. Marriott	14.3	14.5	16.3	11.6
6. La Quinta	13.4	8.3	16.8	13.9
7. Hyatt	13.4	18.5	11.1	11.9
8. Western International	12.7	20.0	8.0	8.8
9. Best Western	8.0	3.1	11.6	6.1
10. Howard Johnson	5.0	4.0	5.8	6.1
11. TraveLodge	2.0	1.7	2.1	2.4

Hotel Selection Process

Who Selects Hotel
Reservation Lead Time
Factors Influencing Selection
Importance of Facilities
Quality of Services

From "Harper's New Monthly Magazine," 1894. (Reproduced courtesy of The New-York Historical Society.)

Selection of Hotel

Over three-fourths of the guests said that when they require a reservation, they alone make the choice of the hotel.

Rank*	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
1. Self	77.0%	82.0%	80.1%	76.4%
2. Business associate	9.7	10.9	10.0	9.0
3. Company travel agent	8.3	6.9	8.7	10.3
4. Secretary	8.2	9.5	9.0	6.0
5. In-house travel dept.	4.7	3.3	6.3	3.0
6. Personal travel agent	4.3	6.7	3.0	3.0
7. Airline	2.2	2.0	2.3	2.7

*Ranked by order of importance.

Base: 1813

Reservation Lead Time for Business

When traveling on business, over half the guests made reservations within seven days. In sharp contrast, 61% said they make pleasure travel hotel reservations more than one month in advance.

	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
1–7 Days	59%	56%	70%	55%
More than 1 week but less than 1 month	30	37	26	31
More than 1 month	8	10	5	12
Don't know/ No answer	7	3	3	6

Adds up to more than 100% due to multiple answers.

Reservation Lead Time for Pleasure

	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
More than 1 month	61%	66%	57%	63%

Base: 1813

Factors Influencing Choice of Hotel

When travelers have to choose a hotel which they have never used, they are most influenced by prior experience with a hotel of the same chain, the location of a hotel, and the recommendation of a business associate.

Rank*	Total	Top Mgmt.	Sales/ Middle Mgmt.	Prof./ Technical
1. Prior chain experience	24.9%	25.0%	26.8%	21.9%
2. Location	23.5	24.2	23.3	22.6
3. Business associate	23.5	24.3	27.1	21.6
4. Image	7.8	8.8	6.2	10.3
5. Cost	7.0	5.1	6.5	9.3
6. Travel agent	2.9	3.8	2.3	2.0
7. Company travel agent	1.8	.3	3.2	2.3
8. Secretary	.9	1.0	.8	1.0

*Rank by order of importance

Base: 1813

Importance of Various Facilities in Hotel Selection

Amenities (beds, bathroom, etc.) and hassle-free experience (friendly, professional staff) rated highest in importance. Laundry and valet services considered least important, probably because of average short stay.

	Very/ Somewhat Important	Very Important	Somewhat Important
Beds	98%	84%	14%
Friendly hotel staff	97	77	20
Bathroom	96	72	24
Professional hotel staff	95	77	18
Safety and security	95	69	26
Towels	94	65	29
Housekeeping services	93	64	29
Price/Value	93	59	34
Restaurants	92	66	26
Reservation service	90	70	20
Check-in	86	51	35
Coffee shops	85	48	37
Size of room	85	33	52
Message service	83	55	28
Parking facilities	83	50	33
Location – near business	81	49	32
Check-out	80	47	33
Decor and ambience	80	26	54
Wake-up call	79	57	22
Bars/Lounges	68	34	34

Importance of Various Facilities in Hotel Selection (cont'd)

	Very/ Somewhat Important	Very Important	Somewhat Important
Courtesy airport service	63%	25%	38%
Location – near airport	62	20	42
Size of hotel	62	10	52
Availability of local transportation	60	30	30
Closet space	60	15	45
Room service	55	22	33
Location – near entertainment facilities	54	17	37
Baggage handling	51	18	33
Recreational facilities	50	12	38
Availability of meeting rooms	41	10	31
Laundry and valet	39	11	28

Base: 1813

Note: The "Very Important" and "Somewhat Important" answers were combined to form the first column ("Very/Somewhat Important") solely to determine a ranking for all the facilities under consideration. The other two columns indicate the degree of importance.

Quality of Services

Almost nine out of ten guests were satisfied by all hotels' reservation, check-in and check-out services, as well as quality of room services. Only about two-thirds reported satisfaction with quality of dining and drinking facilities.

	Total
Reservation service	89.3%
Check-in	87.2
Check-out	86.2
Quality of Room Services	
Closet space	88.3
Safety and security	87.7
Size of room	87.4
Towels	87.2
Beds	86.9
Bathroom	86.7
Quality of General Services	
Housekeeping services	82.3
Wake-up call	81.5
Message service	73.8
Baggage handling	71.4
Room service	66.4
Laundry and valet	61.0
Recreational facilities	60.2
Courtesy airport service	53.4
Quality of Eating/Drinking Facilities	
Restaurants	68.7
Bars/Lounges	66.2
Coffee shops	66.1

Base: 1777

Media Usage

Most Useful Medium
Magazine Readership

From "Harper's New Monthly Magazine," 1896. (Reproduced courtesy of The New-York Historical Society.)

Medium with Most Useful Information for Hotel Selection

Magazines were the favorite medium for providing the most usable information about the hotel in which the guests were interested.

	Magazines	Television	Newspaper	Don't Know/ No Answer
Reservation service	47%	11%	9%	35%
Check-in	40	9	7	45
Check-out	40	9	7	46
Quality of room facilities	49	11	7	35
Quality of services	46	11	7	38
Quality of restaurant	47	9	11	36
Quality of bars/lounges	44	8	9	41
Quality of coffee shops	44	8	9	41
Parking	42	6	8	45
Availability of local transportation	40	6	11	44
Location – near business	45	8	9	40
Location – near entertainment facilities	43	7	9	42
Location – near airport	44	7	8	42
Price/Value	44	7	12	40
Size of hotel	48	8	8	38
Availability of meeting rooms	47	6	8	42
Recreational facilities	46	10	8	39

Base: 1813

Magazine Readership

More guests read TIME regularly than any other magazine and an even greater percent of the top management group reported TIME was their first choice.

	Total	Top Management
TIME	39%	46%
Newsweek	24	26
Business Week	16	23
U.S. News	12	14
Reader's Digest	12	8
National Geographic	11	10
Sports Illustrated	10	11
Fortune	10	17
Playboy	10	10

Base: 1813

Observations

Demographics

From "Harper's New Monthly Magazine," 1894. (Reproduced courtesy of The New-York Historical Society.)

Demographics

Almost nine out of ten guests were male and married. Over half were between 35 and 54 years of age. Median income was $34,800. Over a third were college graduates with the same percent holding top management posts.

Sex	
Male	87%
Female	13
	100%

Age	
18–24	3%
25–34	24
35–44	29
45–54	24
55–64	16
65+	4
	100%

Education	
Attended/ Graduated College	53%
Postgrad	38
Other/No Answer	9
	100%

Marital Status	
Married	81%
Single	10
Widowed, Separated/Divorced	9
	100%

Household Income	
Under $25,000	21%
$25,000–34,999	25
$35,000–49,999	20
$50,000+	22
Refused/No Answer	12
	100%
Median $34,800	

Occupation	
Top Management	34%
Sales/Middle Management	39
Professional/Technical	17
No Answer	10
	100%

Base: 1813

Observations

After analyzing a series of hotel guest studies in recent years, it is evident that the traveling business person continues to be the industry's most important customer as a source of reliable income. Because of the frequency of use, as well as spending habits, this person is the hotel's most profitable guest.

In this latest TIME survey, some previous findings have been reinforced and some new insights into the business travelers' habits and attitudes have been brought into focus.

For example, since they are experienced hotel stayers, they're very knowledgeable about which aspects of a hotel's services are more important than others. Thus, they rate the quality of a room's facilities–bed, towels, bathroom–far above baggage handling, recreational facilities or laundry and valet services. These ratings also confirm a key observation of the participants in TIME's focus group interviews–the perception of a hotel primarily as a place to sleep. Creature comforts, it appears, rate top priority.

The hotel industry should be pleased in the way it is fulfilling the expectations of its guests. For the most part, the considerations which they rated most important were satisfied by the hotels.

The factors uppermost in guiding these respondents in selecting a hotel at which they'd never stayed before were prior experience with a hotel of the same chain, its location and recommendations of a business associate. Interestingly, the relative importance of a travel agent, company travel department or secretary appears to be minimal, probably leading to a conclusion that the business traveler should be sold directly.

The fact that magazines are deemed to be the medium most useful to the business traveler in providing information for hotel selection speaks for itself. And as previous surveys have shown, TIME tops the list of all magazines read regularly by these frequent-staying business executives.

Although guest lists were furnished by only four participating hotel chains, it was evident from the answers that the respondents stay at a number of different chains. Heading the list of names were those of well-known and well-advertised chains. The fact that these guests travel widely and frequently would be a logical reason to use many different chains, some of which are highly concentrated geographically.

TIME hopes that the information solicited through this and previous surveys will be of help in communicating the kind of information the frequent-traveling guest wants to know in order to select the hotel that will serve his needs best.